



## **IMPORTANT TAX INFORMATION**

### **from the Arizona State Retirement System**

May 5, 2010

Dear ASRS Retiree:

The Arizona Department of Revenue recently issued new state withholding tables that are effective July 1, 2010. As a result, all ASRS retirees currently having Arizona state taxes withheld from their monthly benefit are instructed to complete a new A-4P state withholding form.

For your convenience, an A-4P form has been enclosed. Please complete and sign the form as soon as possible and mail it to:

Arizona State Retirement System  
P.O. Box 33910  
Phoenix, AZ 85067-3910  
ATT: Tax Form

If you prefer, you may fax the form to: (602) 240-2096.

The ASRS will set a default tax withholding rate based upon a sliding schedule provided by the Arizona Department of Revenue. This schedule most closely will set a new rate based upon your current withholding rate. (See the back of this letter for more information and the schedule).

**If the ASRS does not receive a new form from you, a default tax rate will be in effect until you notify us of a change.**

Please note that the ASRS will have approximately 45,000 tax forms to process. While we will be assigning significant staff to the effort, **you should anticipate that state taxes withheld from your July and possibly August 2010 benefit checks will be based upon the default schedule, even if you have mailed the A-4P form.** We ask for your patience during this transition and allow sufficient time for these changes to be implemented before contacting us by telephone. You can assist us by returning the new form as soon as possible.

Due to high call volumes, we suggest you contact us only if you do not see your withholding change by your September benefit payment.

To learn more about your state withholding obligations and this new change, please read the FAQs on the back of this letter. Additional information is on the Arizona Department of Revenue website at [www.azdor.gov](http://www.azdor.gov).

Sincerely,

Arizona State Retirement System

## FREQUENTLY ASKED QUESTIONS

1. Why is this change occurring?

*The change is a result of legislation that passed last year (Senate Bill 1185; Laws 2009, 1<sup>st</sup> Reg. Session, Chapter 2). The ASRS is simply complying with this new state law.*

2. If the legislation passed last year, why is the ASRS only now contacting me to change my tax withholding election?

*The ASRS could not contact you until the Arizona Department of Revenue issued the new tax tables, which just recently became available.*

3. What happens if I do not file a new A-4P form?

*The ASRS will withhold state taxes from July 2010 forward based upon the default schedule below until we receive a new A-4P form from you and have time to process your selection.*

4. How is the new state withholding after July 1, 2010 different from the withholding prior to July 1?

*Through June 30, 2010, the amount required to be withheld is a percentage of your federal withholding. For amounts withheld on or after July 1, 2010, the amount required to be withheld must be a percentage of your taxable earnings, not your federal withholdings. Amounts withheld on or after July 1, 2010, must be based on a table prescribed by the Arizona Department of Revenue. (See Form A-4P.)*

5. Can the ASRS help me decide which tax withholding option is the best for me?

*No. The ASRS has no tax advisors on staff and we cannot advise you on tax matters. You may wish to contact a qualified tax advisor for advice. The Arizona Department of Revenue has created a table as a guide for employers, which you may find helpful. This is the guide the ASRS will use to set your rates beginning July 1, 2010.*

Default Guide for Arizona Tax Withholdings

<i>If the withholding rate before July 1, 2010 was:</i>	<i>Then use this rate after June 30, 2010:</i>
10.7%	1.3%
20.3%	1.8%
24.5%	2.7%
26.7%	3.6%
33.1%	4.2%
39.5%	5.1%

6. Can I make the tax election online?

*No. The ASRS must receive a signed A-4P form by mail or fax. The ASRS is in the process of updating our website with the new tax tables, which will allow updates to be made after July 2010. After that time, retirees will be able to log in to their secure ASRS homepage and update their state and federal tax selections.*

*You may, however, access the form on our website, download the form, fill it out on your computer, print it, sign it and mail it to the ASRS. For more information, visit <https://www.azasrs.gov/web/TaxInformation.do>*

To learn more about the features available to retirees online, such as updating personal information, selecting tax elections and viewing your benefit statements, visit [www.azasrs.gov](http://www.azasrs.gov) and click on the My ASRS Login icon toward the bottom of the homepage.